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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE
VOLUME 11

IN RE: IN THE MATTER OF :
THE INTEGRATED RESOURCE :
PLANNING FOR THE PROVISION OF :
STANDARD OFFER SUPPLY SERVICE : PSC DOCKET NO. 06-241
BY DELMARVA POWER & LIGHT :
COMPANY UNDER 26 DEL. C. $$:
1007 (c) & (d); REVIEW AND :
APPROVAL OF THE REQUEST FOR :
PROPOSALS FOR THE CONSTRUCTION:
OF NEW GENERATION RESOURCES :
UNDER 26 DEL. C. $$ 1007 (d) :
(OPENED JULY 25, 2006) :

Public Service Commission Hearing taken pursuant to notice before Gloria M. D'Amore, Registered Professional Reporter, at Legislative Hall House Chambers, 411 Legislative Avenue, Dover, Delaware, on Tuesday, March 6, 2007 beginning at approximately 7:00 p.m., there being present:

APPEARANCES:

On behalf of the Public Service Commission:
RUTH ANN PRICE, HEARING EXAMINER

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APPEARANCES CONTINUED:

On behalf of the Public Service Commission:
ARNETTA McRAE, CHAIR
JOANNE CONAWAY, COMMISSIONER
JAY LESTER, COMMISSIONER
JEFFREY CLARK, COMMISSIONER

On behalf of the Public Service Commission Staff:
JAMES McC. GEDDES, ESQUIRE

On behalf of the Public Service Commission Staff:
ROBERT HOWATT

On behalf of the Office of the Public Advocate:
G. ARTHUR PADMORE

On behalf of Delmarva Power & Light Company:
ANTHONY C. WILSON, ESQUIRE
MARK FINFROCK

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HEARING EXAMINER PRICE: Welcome, Ladies and Gentlemen. We are here in PSC Docket 06-241 in the matter of the integrated resource planning for the provision of standard offer supply service by Delmarva Power and Light Company under 26 Del. Code Section 1007 (c) and (d); review and approval of the request for proposals for the construction of new generation resources. Opened July 25, 2006.

My name is Ruth Ann Price. I will be the hearing examiner for tonight's public comment session.

Participants in tonight's public meeting should remember that this is a public comment session sponsored by four agencies responsible for the RFP process. The State Energy Office, which is a part of DNREC, the Department of Natural Resources and Environmental Control. The Office of Controller General.

The Office of Management and Budget. And the Delaware Public Service Commission.

Tonight we will have public comment on the evaluation reports submitted by the Commission Staff's consultant and by Delmarva's consultant.

In order to provide some information for those who have not had an opportunity to read the

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evaluation report, the Commission Staff and Delmarva will each make a 10-minute presentation concerning his respective report.

Thereafter, the public will be allowed to provide comment.

Everyone will have three minutes to speak initially. If there is time left over, those who wish additional time will have an additional three minutes. We will not allow participants to allot their time to another speaker in order to have as many people as would like have an opportunity to speak.

We want to receive public comments from as many people as we can. Everyone should remember that they will have an opportunity to file written comments to the Commission. Written comments on the RFP will be due no later than Friday, March 23rd at four p.m..

Participants will not be allowed to ask bidders direct questions. The questions tonight will be directed to either the Commission's evaluator or Delmarva's consultant.

Participants can talk to the bidders outside of this public comment hearing if the bidders will entertain discussions.

Everyone should understand that tonight

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we are here to receive public comment regarding the evaluation reports. This meeting is not a poll, a vote or a referendum.

The Commissioners want to hear what the public has to say. We will end tonight by ten. Therefore, it is very important that we adhere to the parameters that I've outlined.

Now, we have the Chair of the Commission present, Ms. Arnetta McRae. Commissioner Jay Lester. Commissioner Joanne Conaway. And we have some

representatives from the other agencies, if they would like to stand and be recognized.

Jennifer Cohen. And Commissioner Clark is here. I'm sorry. I did not see you. Commissioner Jeffrey Clark of the Public Service Commission.

At this point, I would like to start with Mr. Bob Howatt of the Commission Staff.

MR. HOWATT: Thank you, Your Honor.

Needless to say, I'm not Barry Sheingold with New Energy Opportunities, but I will attempt to go through some of his presentation that he made before the Commission in a previous meeting.

If you need a copy, there should be copies still in the back of the room. It's 18 slides.

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And I'm not going to go through 18 slides, but I just thought you would like to have a copy and there should be some back there.

In fact, I'm going to run right ahead and I'm going to go to Slide 3. And, basically, in Slide 3, we talk about the rank order of the bids, and this is from a point prospective. The points having been previously defined and approved in the Generation RFP.

Within the point schedule and within the evaluation, I believe everybody, if you read The News Journal and read anything at all on our website, you're aware that Conectiv with its alternate bids scored 68.9 points. Bluewater was between 47.7 and 57 points. And NRG 24.8 to 23.8, depending upon which alternative you look at.

I am not going to speak to what Delmarva has said, although I believe the summary on the slide says that all bids should be rejected. All bids are above market. Yes. In fact, it would appear that all bids are above market.

One thing I would like to clarify, I believe I've seen in print someplace that the Public Service Commission, and I am not even sure if that includes the state agencies, have already recommended

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that we go with the Conectiv proposal.

And the one thing that I would like to make very clear and it's very clear on Slide No. 3 is

that there are no recommendations on the bids at this time from either the Commissioners or the state agencies.

And, in fact, we're awaiting a further review of the IRP and the alternatives of supply before we can make any recommendations or come to any conclusions with respect to the Generation RFP.

So, pleased be advised that the state agencies and Staff and the Commissioners have not made any determinations at this time with respect to any mute go forward projects.

If you want to take a look at Page 4, Page 4 is the Bluewater project description. I'm sure you all read about it in the newspaper. I don't have anything to say, unless somebody wants clarification of what the various proposals are. There were four proposals from Bluewater project team.

The next page is the Conectiv project description. And, again, you have seen very accurate descriptions in the newspapers, I'm sure. And I really don't have anything to say about it other than the Conectiv project is the combined cycle of gas turbine.

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Then on Page 6 is the NRG project description. And NRG project description is the 600 megawatt integrated gasification combined cycle plant at their current Indian River Plant.

Again, all of the facts are listed on this slide on Page 6. If anybody has any questions, we can come back to it at a later point, but I don't know that there is any real value in going through each and every one of the proposals. You've had opportunity to look at that.

On Page 7, I would like to spend a few moments. The Economic Evaluation Framework.

What I have heard in public and even in some private discussions is that there is real confusion about the average 11.1 cents per kilowatt hour that Delmarva currently sells energy for, SOS energy.

One must understand in this economic evaluation process, the economic evaluation is based on wholesale prices of energy and capacity. There are a lot of other things that enter into the final retail price when it goes to Delmarva and the average price is 11.1

cents per kilowatt hour.
You have supplier risk premium. Third party suppliers are bidding a profile, a load profile of

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daily load for Delmarva which is considerably different than a unit contingent bid.
We have a volume risk. The third party suppliers are taking a chance that customers may migrate and leave. So, there is a volume risk included in their bid. There are ancillary services. There's regulation. There's black start. There's all kinds of other ancillary services provided by PJM that have not been taken into consideration in the evaluation.
They have debt risk. And there's an administrative return, marginal return on SOS pricing. So, there's a lot of things in the SOS pricing that comes out about an average of 11.1 cents that don't relate to the pricing that you see within the proposals.
The proposals in this case, ICF and the independent consultant both looked at what we call base case. And the base case was for energy and capacity. And in that base case, there was approximately $85 per megawatt hour. The independent consultant came up with about $86 per megawatt.
When you looked at the bids, the Conectiv bid was at least $1 more than that price.
The Bluewater Wind was $12 more a month on that price.

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And NRG was $15 more a month on that price. But that's on the $85 or $86 a megawatt hour.
So, you have to consider that those prices do not relate to what you currently pay on your bill or the average cents per kilowatt hour. And I can take questions on that, and I'm sure Delmarva would entertain questions on that, as well, as we go forward.
But I want to be very clear. You cannot compare 11.1 cents to these bids and automatically arrive at the conclusion that these bids are really wonderful because they have not been translated into the retail rates and they have not incorporated all of the same factors that you have in the 11.1 cents.
Page 9 is a nonprice evaluation. You

can see the max scores available on the right-hand column. You can see the scores of each of the individual projects that were put forth. Actually, not all of the projects were scored. The best projects were scored on this table.

You can see like in the first supercategory that the independent consultant talked about, you have the Favorable Characteristics Category, and you can see Bluewater North/South came out with 18.2 points.

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When you look at the Project Viability Supercategory, that's a lot of different variables in there, but when you look at it, you see from an ultimate point prospective, the Conectiv combined cycle gas turbine is the most viable, or what was felt to be the most viable in that category. It had 18.5 points out of 20.

On Page 10, Economic Evaluation. This is where we actually talk about the evaluation numbers that were actually used. And again, this is the capacity and energy prices. And as you can see, the market price, depending on whether you are subscribing to the ICF analysis or the independent consultant's analysis, the market price was in the $85 to $86 range. And you can also see the bids on energy and capacity compare from the various projects and has previously noted they are all above market, given that the market is the base case in this circumstance.

Page 12, there is a graph and that graph shows the profile of the cost over the period of time from 2011 to 2037. The dark line or the dark solid line is the market supply case and that's the base case. And as you can see, for the most part, all of the projects are above those prices during those periods of time.

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Now, the price that I previously referred to, I will caution you, was in 2005 levelized dollars. And these are in the dollars I believe as they were presented on the graph. These dollars are in the dollars that would be appropriate at that point in time.

I'm going to go to Slide 14 where we talk about the economic supercategory and where we talk

about price and price stability, the exposure and the contract terms.

As you can see, the Conectiv alternate bid scored 39.6 points. Followed by Bluewater and followed by the NRG bid. There is a lot of discussion about the wide variation in the actual scoring. And that's something that is, obviously, open to review and comment. Both price stability in one direction and price in the other direction. This was more or less a scaling issue that was decided between the independent consultant and ICF or Staff and Delmarva that these would be the way we would scale these numbers. And I am certain that people have questions about it. It has already been raised.

If you take a look at the total scoring on Page 15, you can see the bottom line is that the Conectiv alternate bid had 68.9 points. The Bluewater

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project for the North Atlantic was 57 points. And the Bluewater North year -- well, I'm sorry -- the NRG 25 year bid was 24.8 points, and this was on a scale of 100 points max.

On Page 16, we are talking about the project comparisons in the context of the supercategory.

Conectiv was the best evaluated in economics and the least risk. It was a smaller size plant. It had more flexibility. It has strong viability and able to go forward.

Bluewater was, obviously, environmentally superior. Provided price stability. It was still expensive. There was question about the viability of the project and whether it could go forward.

NRG was technologically innovative. Potential contribution for greenhouse gas control. There were high fixed cost associated with carbon dioxide compliance which were included in the evaluation. It was a large size plant. And there is a lot of uncertainty around the carbon capture and sequestration. And there were a lot of estimated cost that went into that analysis.

Page 17, you need to understand that all of the bids are non-conforming in one respect or another.

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Conectiv had several things in its bid that were non-conforming.

Bluewater had things in theirs and NRG had issues in theirs, as well.

So, I just wanted to make everybody aware that these were non-conforming bids. That's not to say we didn't evaluate them appropriately. But there were certain issues that would still need to be resolved if any of these projects were to go forward.

Then, in conclusion, I really would like to express my sincere appreciation to the bidders. They have been through one large rollercoaster ride in terms of a lot of different issues. They have put forth very serious bids for these projects. We are trying to treat those bids in very serious fashion. Trying to determine what is the best course for Delaware. And we certainly appreciate the diversity of input that they have brought to this project.

Right now as we stand the ranking of the bids continues and that's Conectiv's affiliate, Bluewater is second and NRG is last on the analysis.

One of the things we will be doing between now and April 4th is the consultant will be reviewing various alternatives to supply in the IRP that

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was filed by Delmarva.

One of the things we need to do is make sure we fully understand the alternatives to these generation projects and that we put these generation projects in the proper prospective where we try to make a decision on these.

So, the independent consultant will be reviewing the IRP and they will be presenting a report on April 4th and we will post it as quickly as we can get it up on the web site for everybody to see. And there will again be opportunity for public comment.

Thank you.

HEARING EXAMINER PRICE: Thank you, Mr. Howatt.

We will now have the presentation of Mark Finfrock of the Delmarva consultant.

MR. FINFROCK: Good evening. I am actually an employee of Delmarva Power. I am the project

lead on this assignment of evaluating the RFP. We do, however, have representation from our consultant, ICF International, to help answer the question if needed.

Hopefully, everybody has a six-page handout that I plan to go through this evening. I would ask everybody to turn to Page 2.

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Part of what Bob referred to was that the Delmarva evaluation is consistent with the evaluation of the independent consultant. Even under independent assessment. And what I mean by that is the independent consultant assumed different input assumptions on the price evaluation. They assumed different coal pricing. They assumed different transportation cost with gas. They independently assessed the nonprice factors which represents 40 points of the total 100 points.

And the conclusions were consistent with both independent evaluations, both Delmarva's and the independent consultants. And, I think, that's an important point.

Secondly, Conectiv was the highest ranked bid, but it was not considered the favorite bid with respect to serving SOS customers. The reason for that is none of the bids achieved one of the economic benefits sought by the legislation, which is, price stability in a cost-effective manner.

In reviewing the price component and the price stability component of these bids and the bid evaluation, none have achieved a favorable result.

The bids, also, imply that there is significant additional risk associated with entering into

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long-term contracts.

Many of those additional risks aren't evaluated in the bid evaluation, but we talked about those concerns throughout this process. They are still concerns and they would have to be considered if we stepped forward.

We believe, we, Delmarva, believe that the integrated resource plan that was filed on December 1st is still the appropriate -- has indication of what the appropriate methodology and resources should be to service the class of customers, the SOS class of

customers. That is through the demand side management, continued participation in wholesale auctions, and in that participation have a component of renewables that supplies the energy for that set of customers.

If I refer everybody to Page 3, the economic results. You've heard these numbers, and they refer to the price assessments that Bob spoke of, as well as in terms of levelized cost. The impacts to customers are in the, from the Conectiv standpoint, 200 million dollar above market pricing to two billion to five billion if you look at Bluewater Wind or NRG. That is a significant amount of additional dollars that customers have to pay to fund these power plant projects.

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In addition, what did you get from a benefit from price stability. There wasn't much of a benefit associated with that issue.

Bluewater Wind was the best with respect to price stability, but there is a significant amount of instability with respect to purchasing through this SOS process. 64 percent of the price variability that is available in the market is still with customers if you accepted Bluewater bid.

The price instability or variability increases if you go with the NRG bids. And the Conectiv bid produced variability equal to the market. So, what is the value you're getting from the price standpoint on going with one of these bids when the objective -- one of the objectives of the act was price stability and it was not achieved.

If you would turn to Page 4, I want to talk quickly about the load that these bids would be serving.

Delmarva, the top blue line is in effect Delmarva, the company, the load it serves throughout the course of a year.

From left to right, the left hand dot on that line is the highest energy usage over a period of

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time during the course of a year.

On the right-hand side is the lowest amount of energy used on a given hour during the course of the year. This is called a load duration curve. And

the blue bar at the top is the energy that Delmarva serves to all of its customers whether it be on SOS or the energy that's served through competitive third party suppliers, or even Delmarva doesn't serve that's served through units and co-opts.

If you step down through this curve and you take out the other jurisdictions that Delmarva serves, Maryland and Virginia, you are now to the red dotted line, and you back out units and co-opts and you back out industrial large customers, you start to see that the load that would be served with these contract is relatively speaking somewhat insignificant and small compared to the size of the generation that's being bid to supply that service.

This is a 2005 picture. But if you forecast out to 2015 would be a year that these contracts would be in place. The average load that is now at 289 megawatts for the load that be served under SOS would go to 313, not a substantial increase. Still, relatively speaking, small load relative the size of the contracts.

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Page 5 talks about the additional risk. Most of these risk are not evaluated in the economic evaluation.

Technology. Two of the bids have a technology on scale that has never been implemented or in operation anywhere in the United States, or for that, back in the world. A 600-megawatt wind farm is not in production today. There are no wind farms along the coastal area of the United States.

And the IGCC, coal gasification technology, is currently in a project design phase. What that means is, it is still in a test phase. It is likely being funded by governments, and in some cases not even tied to the grid. So, there is a significant level of technology risk that would have to be considered if we went through with a relationship to that degree of this type of technology.

In addition, the contract defaults. We're talking about a long-term relationship. And things can happen contractually over the course of that period. That is not completely recognized in the evaluation process. Needs to be considered.

In addition, we held constant in a static nature the usage of customers. That can vary

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quite a bit, based on weather, based on migration and other issues. And that would change at a minimum, it would change the variability related to the relationship that these bids provide to the SOS customers, likely increase that variability.

On Page 6, just points of conclusion. We agree we will complete the public input phase of this process. But under our current analysis and recognizing that the integrated resource plan assumptions are identical to the assumptions used to evaluate the RFP, we don't see any differing conclusions than the conclusions we reached with the RFP evaluation, and that is that no bid is favored to proceed through a contract of negotiation or executing a relationship with.

We recommend, consistent with the integrated resource plan, that we continue with the demand side management, the blueprint of the future, smart metering and proportion of renewables that can be obtained through the current SOS auction and by other means.

But we are not favoring entering into a contract with one of these bidders. That's it.

HEARING EXAMINER PRICE: Thank you. Now, we have come to the public comment phase, and before

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we go forward, I would like to have the speakers come to the microphone. State your name and spell your last name. If applicable, please state the organization that you represent.

Your comments tonight are being transcribed by the court reporter. Therefore, please keep your voice up, speak directly into the microphone so not only the court reporter can hear, but that everyone can hear you.

And, of course, I admonish you not to use any nonverbal gestures, hand gestures or phrases such as, and I think a few of you have heard these kinds of rules before, uh-huh or mum-hum and that sort of thing because she won't be able to take those down. And please be respectful and courteous.

Initially, everyone will have three minutes for their comments, as well as to ask either of the consultant representatives questions.

And the last thing is, please forgive me if I butcher your name. I have a cold, as well as certain over 40 deficits. So, with that, let's start with Dave Bacher.

And after that, we will have Kim Furtado, in case she is upstairs, you can come on down

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early.

If you haven't signed up and you would like to, please let it be known to Mr. Bonar over here, and he will make sure that you are signed up.

MR. BACHER: I apologize. I didn't realize I was first.

As a five generation resident of Delaware, owner of a vacation home in Bethany Beach and 27 years experience in the energy business, including NRG.

HEARING EXAMINER PRICE: Mr. Bacher, you are already our test case. Now, let's pull the microphone up to your mouth. This is government property, sir.

MR. BACHER: As a five generation resident of Delaware, owner of a vacation home in Bethany Beach and 27 years experience in the energy business, including NRG, I am here to express my support for NRG's proposal to develop a clean coal project in response to the General Assembly's RP mandate.

However, my representation tonight is based as a Bethany Beach homeowner and reflects my obligation as an appointed member of the Governor's Energy Task Force and on going energy advisory committee.

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I support the IGCC project because it provides real energy and real capacity, uses domestic fuel resources, is clean and does not develop new industry with our untouched natural environment.

Further, NRG offers the only proposal that meets the requirement of the General Assembly's mandate.

As a resident, I strongly oppose any

off-shore industrial development which includes wind projects that will forever destroy our pristine coastline.

Wind farm development comes with a high cost to our natural environment, as well as a high cost to the ratepayers, and worse, only offers an unreliable and unpredictable energy resource for that cost. Yes, the fuel is free. But if it's not there when you really need it, free is worthless.

Delaware must decide on four options. NRG, Bluewater Wind, Conectiv, or Delmarva's preference to do nothing.

The NRG proposal will secure Delaware's long-term energy future with state-of-the-art clean coal technology, a technology recently endorsed by Democratic Presidential Candidate Hilary Clinton as what America

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must do.

Most important, the NRG proposal is the only bid that actually provides what the General Assembly was seeking which is 400 megawatts of energy and capacity, clean coal or renewable technology and a project that would take Delaware into the future energy using innovative technology. This was not recognized in the bid evaluation.

In fact, the NRG project was actually penalized for providing 400 megawatts of real energy and capacity, penalized for innovative technology risk and although removing 99 percent sulfur dioxide emissions, 95 percent mercury, and 90 percent of NOX emissions penalized on environmental performance.

Also, discount in the bid evaluation for the retirement of both units, as well as adding major controls on the remaining units, which by 2012 would yield 59 percent more real capacity and an overall emissions reductions at the site of up to 80 percent.

In addition, the IGCC project will capture and sequester 65 percent of the CO2 emissions with a realistic potential to increase to 90 percent.

Finally, the NRG project will be build on NRG's existing industrial site and, therefore, not

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impact or disturb any untouched or undeveloped natural

environments. This is exactly what the legislature requested.

This path gives Delaware not only one of the cleanest power plants in the United States, but solidifies our energy future for the next 25 years by using our nation's most abundant and domestic fuel resource in coal. Yes. We are the Saudi Arabia of coal. They have oil and hold us hostage. We have coal.

HEARING EXAMINER PRICE: Mr. Bacher, I'm going to interrupt you. You've reached your initial three minutes.

MR. BACHER: Okay.

HEARING EXAMINER PRICE: Could you spell your last name for us.

MR. BACHER: B-A-C-H-E-R.

HEARING EXAMINER PRICE: Are you an NRG employee, perhaps?

MR. BACHER: Yes, I am. But my testimony tonight was really because I am a resident and homeowner in Bethany Beach. And my opposition is really toward the wind farm because of the impact it will have on the coastline.

May I continue my --

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HEARING EXAMINER PRICE: If we have further time at the end, then we will let you come back and finish up. Thank you very much, sir.

Kim Furtado.

MS. FURTADO: Furtado is F-U-R-T-A-D-O. I'm a Millsboro resident and a member of the Citizens for Clean Power.

After examination of the point system used by this RFP process and the consultant's analysis, it is clear to me that health factors are not included with enough foresight.

I urge you to place appropriate prospective that the health risk of each bid you analyze -- as you analyze the consultant's report -- and honor your historical opportunity to do.

The economic evaluation of price benefits is shortsighted and does not accurately assess the cost benefits we will gain by addressing health cost to power generation.

Before scientist recognized the role bacteria played in disease, health policy neglected bacteria's role in disease. This is much like today when energy policy ignores the role of pollutants and cost to health in the decision making process.

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Accepting that germs cause disease and that those illnesses could be prevented by changes in practice, took a lot of time. It required a huge shift in how people thought about illness and preventative medicine.

My written testimony explains this history further.

Today, we face a similar need for shift in thought process and policy. In today's world, it is pollutants which are the misunderstood instrument of disease. Research can document known adverse health effects from the combustion products of coal, such as the emissions or the heavy metals in the emissions in solid waste.

Researchers needed to further prove how much harm is being done. Most importantly, policy changes in how we generate electricity must occur to protect people from these health risk.

Delaware is a very carbon intensive state. Clearly, in the past, the state has chosen to invest in coal. What we have now is an opportunity to invest in an industry of renewable power generation through wind. Supporting any industry with our investment for long-term contracts, must take into

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consideration the health care cost of such investment.

For conclusion, I urge you to acknowledge that the cost for wind power does not include future carbon taxes, environmental clean up needs, like carbon sequestration or rising fuel cost. Nor does wind power pose any risk of harm to human health and it's unconscionable how that is being ignored.

Please don't allow politics and status quo to expand our contract to a carbon intensive industry, or keep us deeper contracted with the fluctuating cost of natural gas because of an established business model within Delmarva Power's interest.

We have such a great alternative like wind available to the people of Delaware, we do not need to continue to invest in carbon intensive new coal plants or continued reliance on future raises in costs of natural gas just because dumb industrial business interest desires to continue to invest in them.

Wind power can reliably meet its share of the power allotted to go into the grid and has been established to be able to provide 120 to 190 megawatts minimum in the summer.

Please allow Delaware a real opportunity to clean our air and provide actual environmental and

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health benefit. Provide Delaware the opportunity to lead the way. We can support a prosperous industry of renewable and sustainable power generation off our coast.

The Delaware public has overwhelming supported the sustainable and disease free Bluewater Wind bid.

Most of those who support IGCC or natural gas bids have a clear or indirect financial connection to the bid that they do support.

Winds innovational technology creates an industry for Delaware that brings economic growth, increases jobs and supports morally relevant and actual environmental stewardship and health protection.

Please approve the Bluewater Wind proposal. Thank you for your time and your hard work. My children, my future grandchildren and I very much appropriate your attention to these concerns.

HEARING EXAMINER PRICE: Thank you very much.

And you are aware that you can submit your remarks if you would like.

MS. FURTADO: Thank you. I plan to. And I will be addressing, as well, some of my previous comments that have not gotten posted. So, if I have more

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time, I will do it tonight.

HEARING EXAMINER PRICE: John Czerwinski. And spell it for the court reporter.

MR. CZERWINSKI: My name is John C-Z-E-R-W-I-N-S-K-I. I represent 1,100 plumbers and

pipefitters that do construction work and are Delaware citizens, for the most part, throughout the State of Delaware.

The NRG proposal to build a clean coal facility at Indian River Power Plant location offers significant and tangible benefits to the State of Delaware in the form of environmental improvements, economic development benefits and innovative and reliable power generation.

My job is to provide jobs for my members. One of the reasons we support the NRG proposal is that the 1.5 billion dollar investment in the state economy will produce over the next five years 1,000 high paying construction jobs and additionally bring 100 permanent jobs once the plant is completed.

In case you have not noticed recently, good high paying jobs are leaving the State of Delaware evident to the closing of Chrysler. But not only do we worry about jobs, we worry about the environment we raise

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our family here in the State of Delaware.

The NRG proposal includes retiring the two oldest and dirtiest units. Coal gasification technology will reduce emissions at the Indian River Plant by more than 80 percent for sulfur and mercury and 60 percent for nitrogen. Yet, the evaluation by the Commission by the state gave them no credit for retiring these units. That seems unfair.

Carbon capture technology, while new technology has the potential to further reduce emissions substantially. Recently Senator Clinton proposed a fund of 50 billion dollar energy fund that mentions carbon capture as a technology worth investing in so America can finally end our reliance on foreign oil and use our enormous coal resources to meet a significant portion of our energy needs without contributing to global warming.

As almost an after thought, NRG's proposal has also provided a solution for Millsboro in solving their wastewater problems that have been there for years. That further goes to improve the environment, especially in that part of the state.

In regards to the process that the companies have been put through, the RFP seems flawed

from the beginning. While many of us feel that wind
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power is part of the puzzle to solve our future energy needs, it does not solve energy needs in it by itself.
Further, it seems ironic that the natural gas proposal was ranked first due to the fact that the State of Delaware is currently fighting in Federal Court a liquid gas court in the Delaware river. It seems contrary to the what the state policy has currently been in that regard.
At the end, if you really are worried about good paying jobs, the environment and having an American energy policy that uses our natural resources to light our homes, then the NRG proposal deserves your support.
HEARING EXAMINER PRICE: Thank you very much. Perry Hood. After Mr. Hood, we will have Mike Dennis.
Welcome, Mr. Hood.
MR. HOOD: My name is Perry Hood, H-O-O-D. I'm a member for Citizens of Better Sussex.
I would like to focus on HB6. HB6 requires us to seek bids that will provide rate stability, reductions in environmental impact, and the benefits of adopting new technology.
Having gone through the bidding process
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Delmarva Power and Light has taken the no bid position.
Not to worry they say, we can handle future requirements by one, energy efficiency programs.
Two, wholesale purchases.
Three, upgrading transmission systems.
And four, purchases of renewable resources.
Where is their justification for this position? Does their no bid position meet the requirements of HB6.
Let me revisit HB6 regarding our three options, wind, coal and natural gas.
Personally on rate stability, only wind power, one, avoids fluctuating natural gas prices.
Two, avoids costs of emission controls.
And three, avoids future carbon taxes

assessed on coal and natural gas due to global warming considerations.

Moreover, this offshore wind bid is the lowest on a megawatt hour delivered basis.

Secondly, on reductions in environmental impact, only wind power represents a reduction to zero of the environmental impacts of pollutants and greenhouse gases.

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And thirdly, on technology benefits, in addition to these environmental improvements, wind power provides construction, installation and maintenance jobs to our locals.

Wind power also provides the potential for future expansion up and down the East Coast with Delawareans leading the way with experience and expertise, thus economic benefits to our state.

Moreover, using the HB6 bids scoring criteria, according to Kempton and Firestone, Bluewater Wind scores 35, Conectiv 11 and NRG with carbon sequestration. That's 35, 11 and 12, I said. With the Bluewater Wind score about tripled either of the other two bidders using HB6 bid scoring criteria.

Thus, considering HB6 requirements, Delmarva, DP&L's no bid position is untenable and unacceptable.

Finally, DP&L's no bid position is also untenable and also unacceptable regarding, one, the negative health and global warming impacts of so-called clean coal and gas.

Two, the hidden costs of future carbon taxes and health care costs.

And three, lost lives due to asthma,

1042

cardiovascular and cancer disease outcomes that are well-known from coal emissions in our state, already graded F for air pollution.

And four, the loss of economic and job benefits to Delmarva Power and Light in our state.

Therefore, in conclusion, let us not lose any more time in meeting our future electricity power requirements economically. Our health issues from pollution prudently, and our economic issues zealously

when we have a viable solution opportunity at our very doorstep right now. Let us move forward with offshore wind power.

HEARING EXAMINER PRICE: Thank you very much. Mr. Dennis. After Mr. Dennis, we will have Connie Peterson.

MR. DENNIS: My name is Mike Dennis, D-E-N-N-I-S, from IBEW Local 1307. Thank you for the opportunity to comment.

Since the public was unable to comment on the presentations at the February 27th, I would want to question here today the validity of Delmarva Power's position that none of the three bids were desirable and that all three of the RFP's provided more power than what was needed according to their own analysis of needs.

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The historical facts around electricity needs on the Eastern Shore contradict that on many occasions in the past. I'm only assuming that Delmarva's position is taken for granted that all existent base load generation is guaranteed to be operational throughout that protective period of time, which I'm not quite comfortable that is any assurance by anyone.

And I would ask that the Commission, or Delmarva Power, DNREC or any other person who can input on that what kind of guarantee they can give us consumers that NRG's Indian River Plant will be in operation if, in fact, they don't win this contract and they choose to build their IGCC facility in one of their other sites they've already identified. Because NRG, unlike, Delmarva, is not guaranteed a profit when they invest hundreds of millions of dollars in their business. They are deregulated. They have to be competitive to sell their product and still make a profit. It doesn't pass it right back onto the customer with a rate base increase.

On Page 6 of that 2/27 handout from Delmarva, it's interesting to note where they were showing comparisons of demand versus the availability of power, they said that there was, basically, more power

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than what was needed through 2015. And ironically, they use the hours of midnight to eight a.m. to demonstrate

that. Well, anyone that knows anything about demand and electric knows that we're all asleep between midnight and a.m. and not using power. And the capacity would be using between eight a.m. and five p.m. And it would be interesting to note what that graph would look like turned around 180 degrees.

There's an obvious need for power. There's an obvious need for reliability. If you take into consideration that this analysis was done by Delmarva, and, basically, just perused by an independent consultant rather than a standard independent consultant, it leaves a lot to be desired in how valid that is. We were also told back in '99 deregulation was going to bring competition and thus lower electricity prices, and I challenge any one of you today to show me a cheaper electric price today than what we had in 1999 or 1998 or 2004, for that matter.

We believe that NRG is the best option in the overall. Being the most reliable for base load electric when the maximum needs of megawatt are called for --

HEARING EXAMINER PRICE: Mr. Dennis, are

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you an NRG employee?

MR. DENNIS: I'm a retiree having served 25 years with Delmarva Power and 12 years as Local 1307 president and a past employee of NRG, as well. But I am currently retired.

Am I out of time?

HEARING EXAMINER PRICE: Yes, sir.

MR. DENNIS: Then I will close. We recommend that you go with the NRG proposal.

HEARING EXAMINER PRICE: Thank you, sir. Connie Peterson.

MS. PETERSON: Yes. My name is Connie Peterson. I'm from Lewes. I represent Citizens for Clean Power. I would like to have a couple of questions on the record regarding the price stability decision.

Conectiv and NRG have both indicated price stability as one of their benefits. I question how can they when both have stated that they would pass on any carbon tax or emissions penalty or sequestration costs to their customers. How can they when the price of

fossil fuels and natural gas have been among the most volatile.

Gas has raised three times its price since the 1990's. Conectiv has promised to keep their

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price stable by charging the rate for coal if gas is higher. This sounds very questionable to me. How can they when you add the price of health and environmental damage caused by their continuous toxic pollutions. How can they when they have not provided a complete disclosure of cost, so that an honest and viable estimation can be made. The answer is, they cannot guarantee stability.

Long term, the wind supply is renewable at no future cost. Can the same be said of coal or gas? What about price inflation? What about the inevitable carbon tax? What about the cost of capture and sequester? What about the cost of global warming, if CO2 is not captured?

Wind may cost more initially, but the future price stability cannot be matched by IGCC or gas. The long term reality, wind power serves us best.

Thank you.

HEARING EXAMINER PRICE: Thank you, Ms. Peterson. John Austin.

MR. AUSTIN: My name is John Austin, A-U-S-T-I-N. I'm a citizen of Rehoboth Beach, Delaware. And I am a DP&L customer.

We all see the population growth around

1047

us.

From 1990 to 2000, Delaware grew 17.6 percent in population. The estimate for 1990 to 2005 is 26.6 percent.

Sussex County where I live grew 38 percent from 1990 to 2000. The estimate from 1990 to 2005 is 52 percent from the Sussex Bureau.

NRG's retiring plan stated that with the growth comes an expected two percent a year increase in peak power needs.

NRG's retiring plan to the governor indicated a 659 megawatt increase by 2015 Delmarva Power needs. At two percent growth, the SOS portion would grow

at least 219 megawatts from 2005 to 2015.
The growth supports the argument that we will need more power. While the number says we will not. If we need more power is accepting no bid really an option? Who's correct, NRG or Delmarva?
As I understand the call for power from the grid, isn't the order of cheapest first. Gas being most expensive is called upon last, as was said in the clearing price, which all is paid. If there were an additional low cost supplier, I believe gas plants would be called upon even less and drive down the clearing

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price. That would not be good for the sister, Conectiv's profit margins or NRG. But it would be very good for me, an SOS customer.
I have serious concerns for bid review and costs projection, which I don't expect to an answer tonight. I simply accept the costs as ranked and add in the hidden cost attributed by the European report and external cost of energy. Then the cost would be wind, 10.065 cent per kilowatt, gas 10.164, and the IGC would be 13.956 or 14.657. Thus, when the bids are considered in a quantitative manner and not a contrived score, they rank, wind, gas, and the IGC is even more distant.
Some of my concerns with the bid review cost projections are the rates are presented as a total cost impact by DP&L, and as explained tonight, those cost are wholesale cost. Not the retail cost that I could compare to my 9.99 residential heating rate.
The state contractors are causing wholesale cost profile. Nowhere on the state's contractors graph or SOS charts by year, which I refer to Page 12 of the handout, can you match up the costs that are presented as ranked. Those costs aren't the starting points of this graph. The costs are broken out in the report on Figure 2 of Page 38. Those costs as broken out

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as to what cost is wind, economics wholesale cost, also don't match up with SOS overtime.
If I take the slopes of these lines and project them forward in time from costs as ranked, wind would become cheaper after ten years.
HEARING EXAMINER PRICE: Can you

conclude now?
MR. AUSTIN: In the end, I find the bid evaluations failed to quantitative consider hidden costs. The cost of the base case and the clone gas bid do not appear to consider market volatility in any significant manner, and that is why we are here in the first place.
In today's paper, Congressman Castle has reported to have said, there are active conversations in the country are replacing coal energy. But will take up to 15 years for those alternatives to become a reality.
Delaware has the opportunity to invest in renewable power now. Please don't squander the opportunity.
HEARING EXAMINER PRICE: William Zak.
MR. ZAK: My name is William Zak. I represent Citizens for Clean Power. I only have a couple of other documents to submit, but I will read this.
In an environment of great price

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inflation brought on in significant part by natural gas cost spikes, HB6 sought a bidding process that would favor new technologies going forward fuel diversity and long-term price stability. High price natural gas offers none of these things.
Nor, unless published projections reported in the press are wildly inaccurate will 177 megawatts serve the state's future needs.
Alternatively, accepting no bids simply allows entrenched fossil fuel interest to delay, once again, the development of clean renewable power generation.
Reassurances from Conectiv's spokesperson touting their purchasing sophistication as a means of controlling future cost spikes should demand exceed 177 megawatt supply will not pass a laugh test. Where was that vaunted skill a year ago in the face of wildly escalating fuel cost.
Once more, Conectiv's bid does not factor in the longer term cost of carbon management; nor as it done in Europe, the hidden health care and environmental cause arising from continuing to burn fossil fuels.
Should Conectiv be allowed to calibrate

1051
predicted inflation and natural gas cost to predicted coal pricing increases. And why on earth should the PSC accept a natural gas bid that allows Conectiv to reset its costs after the permits have been issued. Talk about buying a pig in a poke.

The citizens of Delaware don't need dubiously objective assessments from Conectiv's parent company who also set most of the ground rules for the independent consultant's report to determine the superior bid here. That's wind.

At a price very comparable to present residential rates with no future cost for carbon management and price instability for fuel, a proven new technology, there are over 17,000 megawatts of power now generated worldwide acceptable to 90 percent of Delawareans polled can, one, nuture a potential growth industry in the state.

Two, reduce global warming and ocean acidification.

Three, significant reduce the deadly health effects and health care costs to taxpayers produced by burning fossil fuels.

Four, improve water quality, fisheries and agricultural yields. What's not to like? Denmark is

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so happy with its offshore facility, that it now plans to provide 50 percent of the nation's electrical needs through expansion.

The Governor of Rhode Island has announced that his state will take full advantage of the ideals conditions off the Atlantic Coast to supply 15 percent of that state's requirements in this fashion in five years.

Long Island is in the first stages of offshore wind development. And New Jersey's governor has a recommendation for a large pilot project on his desk.

But we, in Delaware, a small state are in danger of being lead by even smaller minds.

What is DP&L afraid of, that it will become the new Ford or GM if it should let wind development get its foot in the door?

Though they would have us believe

otherwise, DP&L and the public interest are not always and necessarily identical.

The Public Service Commission should live up to its name and charge and not allow its to be bamboozled or bullied by entrenched industry interest and back room maneuvering. Please do what is right for the public interest, our children and our childrens' children

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and the future of the globe.

I will be submitting a long list of scientific studies that indicate the costs in health that are produced by fossil fuel burning and an argument that provides a very different picture of so-called clean coal.

HEARING EXAMINER PRICE: Thank you, sir. No later than Friday, March 23rd.

Julie Rigby.

MS. RIGBY: My name is Julie R-I-G-B-Y. I live in Seaford, Delaware.

My daughter, Elizabeth, who went to school in Seaford and graduated from Seaford High School is now a wildlife biologist on a federal refuge down in Texas. She is out in the marsh every day studying birds. She monitors their migration and their population.

When I told her about the Bluewater project, she was appalled.

The Cape May to Lewes cargo is one of the key migration points in the country and many birds migrate at night, not just during the day when visibility is better.

But her concern is that birds don't expect any object to be that hot out in the water. And

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birds do hit turbines and hundreds of turbines mean greater opportunity for birds to hit them.

I got out my Rand McNally Atlas and I took a look at the different wildlife areas around the proposed site. And Bomb Bay Hook, Prime Hook, Assawomen Wildlife Area, Assateague, Cape Henlopen and all of the marshes along New Jersey provide many opportunities for migrating birds.

If birds hit the turbines, who is going to know. They become fish food and food for the sea

gulls and there would be no one there to monitor them. And I just want to do express my concerns.

Thank you.

HEARING EXAMINER PRICE: Thank you very much. Scott Muir.

MR. MURI: I'm Scott Muir, M-U-I-R. I'm an employee of Norfolk Southern Corporation. We're here to speak, or I'm here to speak about comments in support of NRG Energy IGCC clean coal project.

Norfolk Southern owns the freight rail lines that were formerly called the Conrail Lines, and before that, the Pennsylvania Railroad Lines. And we consider ourselves to be an integral important part of the freight infrastructure on the Delmarva Peninsula.

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The Norfolk Southern Railway Company and its Delaware business unit provides critical transportation to the many Delawareans.

I have with me today, I brought with me our general manager, Jay Traywick, and also Rick Crawford from strategic planning.

The reason that we are here in support of this is that our rail system operates in 22 states and Delmarva is, in effect, a terminus for us. We have a limited amount of freight customers here and the diversity of the type of freight customers we have in comparisons to our parts of our system is somewhat limited.

And for us, NRG Energy is a very important customer. It's a good customer to us. Robust customer. Helps us maintain the health and viability of our rail system.

Since Conrail, Norfolk Southern has worked very hard to improve customer service here in Delaware. We have tried to enhance economic development downstate and in the communities downstate.

We also try to reduce the amount of heavy truck impact on the highways. I think that is a very beneficial aspect of our business.

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It's generally recognized in our industry that coal is very important for our viability. This is true for our NS industrial customer base here in

Delaware.
And in consideration of the recent activities, the announcement that Chrysler had, for example, it further puts a stress on our rail system here on the Delmarva.
In order for us to sustain a robust rail service in Delaware and to continue economic development here, I'm here to say that we are very much in support of new clean coal technology.
We're excited about the opportunity to be a part of this. And we are to here to say, should this be able to move forward, we will provide the capacity and bring the coal to the power plant.
HEARING EXAMINER PRICE: Thank you, Mr. Muir. Doug Netting.
MR. NETTING: Doug Netting. N-E-T-T-I-N-G. I am an employee of NRG Energy. Thank you for hearing my statement tonight.
I am an energy using tax paying resident of the State of Delaware. And admittedly, I come here, and I do actually like our state.

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I'm here representing those that provide what the state considers to be an essential service.
Though, from what you hear in the press, it does not always seems that everyone agrees with that essential part. It is that same service that on this bitterly cold night helps keep your family and safe and warm, the service power of generation.
Please do not confuse what is a service for what our rights. But we all know how fundamental it is to all our lives.
I am here also here representing my five-month old son. He and I have talked about the RFP and evaluation results in the wee hours of the night. I have to admit, I do most of the talking, but I will say the whole subject makes him cry. He has questions that I can't answer. He wants to know, What is this do nothing thing all about? Hello, 59 percent rate increase. Remember that. That's what do nothing cost us. And then giving a natural gas supply combustion turbine the highest rank. Rank is right. That sinks like my baby's diaper speaking of natural gas.

Another convenient easy short term fix for our state and country, we just put off finding a real solution until the natural gas supply gets tight and

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supply cost skyrocket and the power grid, like it does now, keeps that shiny new, expensive natural gas unit off and instead dispatches what kind of unit, coal burning.

Now, wind is a pretty hip sexy option. Everyone likes wind. But even my son knows, there are days when the wind does not blow. What, then? Well, then, we will all get our electricity off the power grid, from what, whatever the market is offering that day. And that provides price stability.

And finally, there is clean coal. Yes, it can be clean as much as natural gas, which is also a fossil fuel, by the way, is clean. Coal is our country's most abundant fuel. It provides over 50 percent of our country's power. So, without coal, every other home on the block goes dark and tonight gets very, very cold.

Like it or not, if our state, our country, is to have any sustainable future for my son, or his future son or daughter, clean coal power generation has to be part of the mix, has to be, and we must start now.

We must begin investing in our country's power future now so we can have it perfected by the time we need it the most. Let this be the time when we make a stand for our future generation, and I hope my son will

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be proud of our hard work.

HEARING EXAMINER PRICE: Thank you. Mr. Mitchell. Dick Mitchell.

MR. MITCHELL: Good evening. My name is Dick Mitchell M-I-T-C-H-E-L-L.

I'm a resident of Sussex County. I am a recent retiree from the Delmarva Power and Light Company in the Indian River Plant. I worked there for, approximately, 25 years. I've lived in Sussex County near the plant, location about four miles from the plant for the past 30 plus years.

I am here tonight to share my concerns in reference to the proposed wind farm being put offshore. I am a fisherman now. I am out of the power

plant business and I am out of all of the thoughts of the power plant. I am concerned about my fishing and the concerns of the waters around the plant.

My main concern is putting the units offshore allowing them to have what I would call a known hazard, and the hazard being, I go out fishing offshore quite a bit, and I know what it is like to be out there in the fog. And I also know what I see with these ships coming from foreign countries and how they act when they come into our waters.

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The captains are not always as what you might believe they should be with the credentials that they carry. I'm so afraid that them coming into these waters getting off course and out of the shipping lanes would create a hazard. It's only going to take one stormy night, foggy night to create that hazard and our shores will be gone.

I have seen the oil spills up north in different parts of the United States up north where they have these, like the Valdez spill, and I don't want to see our beaches this way.

So, I am here opposing that and allowing that even a thought of those things being put off our shores. I thank you for allowing me to speak.

HEARING EXAMINER PRICE: Thank you, sir. Jim Sadowski.

MR. SADOWSKI: S-A-D-O-W-S-K-I. My name is Jim Sadowski. I'm a resident of Delaware for over 45 years. I've been a resident of Sussex County for over 23 years. I live and work in Sussex County because it is a good place to raise a family. I am also a scientist. I work for NRG. I am the environmental manager of the Indian River Generating Station.

The fact that I want to talk about here

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tonight is that everything we did today has contributed to the environmental problems that we face today. Your life-style. Your demand for good and services. Your demand for energy and electricity. And yes, I did say, yes. And I do stress the word you. Not somebody else. Not some company, but you.

Let me state that NRG's IGCC proposal

meets all of the requirements of the RFP, not just a couple like wind and gas turbines and is the 0correct choice to make to begin addressing the greenhouse gas issue and to allow us to continue us with the life-styles that we are accustomed to.

There were seven points of the request for proposals.

First was innovative base load generation. The IGCC plant is innovated and it will be base load. Bluewater Wind is not. Conectiv gas turbines are not. Wind is an intermittent. Not base load. It will take eight to ten miles per hour of wind just to begin to make megawatts on a wind turbine and that will be about point one megawatts.

It will take, approximately, 28 miles per hour of wind for that turbine to reach its three megawatt capacity. Do you know what 28 miles per hour of

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wind is? Those were the storms we had this past week, which were blowing trees and wires down. It is gale force wind.

Two, price stability. IGCC will have stable price. Offshore wind cannot. It is more expensive than the IGCC project when you look at it on a megawatt basis. It will have to have additional back up generation to be able to meet the demand for electricity when it is not running.

Fuel diversity. Yes. IGCC and wind are new. And they are fuel diversity. Gas is not.

Use existing industry or brown field site. Yes. The IGCC will be. Does wind use the new site. Yes, it is. It's using the Atlantic Ocean. How much greener can you get than the Atlantic Ocean? I don't consider that a brown field site.

Utilize existing transmission and fuel infrastructure. IGCC, yes. Bluewater Wind project, no. Requires extensive offshore onshore transmission lines and substations. It will have a hidden cost that has not been addressed yet. Support improved system reliability. IGCC, yes. You can't count on the wind for being there when you need it. You will have to go up and buy that power from some other place. That is going to be another

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possible fuel unit. Most likely at the time when you will be putting on the most expensive, the most inefficient and the most emitters, the biggest emitters of the time.

Long-term environmental benefits.

HEARING EXAMINER PRICE: Sir, I will have to you to wrap it up.

MR. SADOWSKI: The last one is, long-term environmental benefits of. IGCC, yes. Yes. Wind does have benefits. However, how can you give wind power such a high rating environmentally. Wind will not be running that you will be putting on inefficient and high emitting units to make up for the base load that it cannot do.

I thank you for this opportunity and please support the IGCC project.

HEARING EXAMINER PRICE: Thank you. Chris Williams. I will skip Mr. Williams for the time being.

Harry Gravell.

MR. GRAVELL: My name is Harry Gravell G-R-A-V-E-L-L. Like gravel with two L's. Easy way to remember it.

I am the president of the Delaware

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Building Trades Council. And I would like to accuse my brother, John Czerwinski of reading my tea leaves. Everything he said is in his speech. So, I kind of did something a little different.

The glaring part of this whole report that I see is, do nothing. Don't accept any of these proposals. I think that's preposterous. I really do. Like the great philosopher, Groucho Marks once said, Don't just do something. Sit there. We actually have to do something. Something has to be done. The citizens need this.

I have over a $300 energy bill, and I am a Delmarva customer. The guy across the street who does not keep his thermostat at 65, who does not turn it down during the day, turn it up at night, do all of the things that we do to try to conserve energy, the poor guy, retired guy in his 70's, he has a $600 bill. Something has to be done. In action is not the answer. Thank you.

HEARING EXAMINER PRICE: Thank you. Kelly Gelof. And then Jim Black. And after Mr. Black, we will have Carol Dobson.

MS. GELOF: Kelly Gelof. G-E-L-O-F. I'm a resident of Sussex County. I live in Rehoboth Beach. I am an attorney, but I am not here representing

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anyone. I'm here on behalf of myself and my family. I'm not part of any kind of organization with regard to what's going on here today. I'm really just here as a concerned citizen.

I think that we have an opportunity here to really step up to the plate and take a serious look at this alternative energy. I think that there has been a lot of things that have been said here today, and throughout this process, I'm sure. If there's a will, there's a way. We have an opportunity here to have our will be the future of Delaware, our future children, our future grandchildren and take a look at the health issues that surround what we're talking about here today.

And I hope that you, as a Commission, really take a look at those factors and not just focus on the black and white that's before you and looking at 11 cents, $12, whatever the difference is, that you really take it out and look at the scope that it impacts. And it is not really just black and white what's affecting this piece of paper and this particular project that we're looking at. It's much wider than that.

And I really hope that all of the comments in support of if wind situation is really taken seriously.

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I understand from some of the comments that were made, currently it is sort of number two on the list, despite nothing being done or any kind of contracts being put forth. Hope that this really gets to be the top of your list and really looked at seriously.

Unfortunately, whatever decision is made, everyone is not going to be happy. Some people are going to be unhappy, obviously. So, we have to weigh what the ramifications are of that decision.

I think if you put the people and the health of the citizens of Delaware first and always put

them first, that you will find that the wind option is really the best. Where there is a will there's a way. Have your will be the future and the health of the citizens of the State of Delaware.

HEARING EXAMINER PRICE: Thank you very much for taking the time to come tonight.

Next is Jim Black.

MR. BLACK: My name is James Black. I am the Director of Community Outreach for the Clean Air Council.

Clean Air Council is a nonprofit environmental and public health advocacy organization that seeks to protect everyone's right to breathe clean

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air. Incorporated in 1967 and operating in Pennsylvania, Delaware and New Jersey, the Council has over 2,900 members who live in Delaware.

While the Council and its Delaware members applaud the state's efforts to provide through this RFP, newer cleaner, electric generation for Delaware, we strongly believe that there is only one of these bids that truly benefits all Delawareans. That bid from Bluewater Wind.

The Bluewater Wind bid is the only one that can guarantee substantial reductions in all pollutants. The wind proposal is also the only bid to deliver the long-range price stability sought for with HB6.

Over the last few years, we have seen the volatility of today's energy markets. The price projections from even the most expert sources are really only guesses. We can't accurately predict what will happen in the commodity markets week to week, let alone over the next 25 years.

Now, as a former entrepreneur, I will give you my best estimate of the commodity markets in the year 2032. Natural gas and coal will cost more. And the wind will still blow for free.

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I will also make a political prediction. The U.S. Congress will finally get its act together and there will be a carbon tax. Congressional leaders made it clear that facilities built before the carbon cap is

fully enacted will not be grandfathered. Yes. Wind development may cost a bit more up front, but wind buys Delawareans substantial levels of protection from energy market instability.

Delawareans want wind energy. I can only for speak for the Council members, but I would guess they are fairly typical of other citizens of Delaware. And from talking to our members, they are overwhelming in support of this wind development. They are excited and proud to think that Delaware might be the first state in the United States to site offshore wind. Delaware has the opportunity to be a true leader on wind energy.

HEARING EXAMINER PRICE: Mr. Black, I will ask you to conclude, please.

MR. BLACK: The Clean Air Council's Delaware members strongly urge the PSC to approve the permit for Bluewater Wind to build the nation's first and world's largest offshore wind farm and make Delaware the first state that thinks big.

Thank you.

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HEARING EXAMINER PRICE: I will also ask the court reporter to attach a copy of Mr. Black's remarks to the transcript, please.

Carol Dobson.

MS. DOBSON: Thank you. I'm Carol Dobson. I'm from Lewes, Delaware.

HEARING EXAMINER PRICE: D-O-B-S-O-N.

MS. DOBSON: I was born there. Raised there. Educated there. And worked there in all three counties and I still live there. I've gone other places, but I kept coming back. I come from a family of four generations of living in Sussex County and my father was the first radiologist after World War II in Sussex County.

I would like to talk for a moment about one of the areas evaluated as the uses of new technology.

There is proven technology, and there is new unproven technology. Wind is proven technology. Offshore wind farms exist throughout Europe and have proven highly effective in delivering clean, safe energy.

Coal gasification is an unproven new technology. There are currently four existing coal

gasification plants in the world. Two of these are in the United States. All are smaller than the one proposed here. Not one of these currently, successfully is able to capture or control CO2.

Why should we invest in a technology that is not proven? How can NRG claim that they will capture CO2 when it has not yet successfully been done.

NRG received points for technological innovation in this point system, with unproven technology. I question the point system's use of its system. Why don't we wait until this is a proven technology before finding out too late and flooding our atmosphere with more pollutants and greenhouse gases. Why wouldn't we go with the proven successful new technology that delivers clean safe energy? Why wouldn't we go with wind?

There is much controversy concerning the independent evaluator's findings. The point system does not reflect real cost to public health and the environment. The denial of public citizens access to proposal information has compromised the integrity of this process. When information is kept from the public, red flags are raised.

I urge the Public Service Commission to reconsider the point system and to allow more public access to documents.

And I would like to close with a quote from Chief Seattle made to the U.S. Government in 1851. To harm the earth is to heap contempt upon its creator.

HEARING EXAMINER PRICE: Jeremy Firestone, please.

MR. FIRESTONE: Jeremy Firestone. I represent myself. I am a Delmarva customer.

I would submit that there is something wrong with the environmental scarring if we subtract out the global warming points. The points awarded by the state are Conectiv 8.2. Bluewater Wind 7.8 And NRG without capture and sequestration 6.3. We have a clean technology, and it scores less points than a natural gas one.

I would also urge immediately that the

independent consultant uncouple itself from Delmarva. At the very least, it creates the appearance of impropriety when the state's consultant is tied to a consultant of Delmarva who has an affiliate who is one of the bidders.

And so, I would urge that the state consultant use its own assumptions, beginning with, as it noted in a footnote that it thought that the carbon numbers were, perhaps, undervalued and it suggested the Synapse report.

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I would note that the state has recently employed Synapse in the IRP, and so I would ask that the state recalculate the bids, and we will then see that the Bluewater bid is not as expensive as compared to the market case as was first proposed.

In addition, Delmarva has used a total dollar amount that the bids are overmarket rate giving us scary numbers of two to five billion dollars. But I would urge the independent consultant to look at the actual effect of consumer bills. That is what motivated this whole process in first place, yet, there has been no analysis on either of the reports on the actual effect on monthly bills.

We don't have all of the numbers, but based on our analysis, based on what we know, Bluewater Wind would under the present analysis only increase bills on average three-and-a-half percent. NRG only five-and-a-half percent. Yet, the scaling and the scoring on price is such that almost all of the points were awarded to Conectiv and almost known for those other bids.

I think, also, as you look and bring in the Synapse numbers, it would suggest that the Bluewater Wind bid may raise rates as little as two percent and may

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actually lower them, depending on the price of carbon in the market.

Lastly, I think the assumption on natural gas prices is, perhaps, troubling. It is based on the assumption of declining costs of natural gas. That may be true. But if we look at the last ten years and not just the bump up from Hurricane Katrina, we see that natural gas prices increased by over 100 percent in

a ten-year period. And, indeed, since January 30th of this year have increased 31 percent.

Natural gas, it is not stable, and it is not reflected very well, I don't believe, in the report.

HEARING EXAMINER PRICE: Mr. Firestone, I am going to ask you to conclude.

MR. FIRESTONE: I will then complete my remarks and thank the Commission for having this meeting today and for you for being here tonight.

HEARING EXAMINER PRICE: Thank you. Now the next name is a puzzle. Vince Ascione. Then Ted Janeka.

MR. ASCIONE: Thank you for allowing me to speak tonight. My name is Vincent A-S-C-I-O-N-E. I am a representative for the Operating Engineers, Local 542 and a resident of Delaware for 51 years. Also, a

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consumer of electric in the State of Delaware from Delmarva.

I have been listening tonight. A lot of good statistics. A lot of information. And from what I am hearing, I have been kind of keeping a little count up there, upstairs. I am sure you people are keeping a count, also.

I have not heard, as far takes no bid, I haven't heard anybody say they wanted a no bid, except the gentlemen up in the front of the room here. Everybody else seems like it's going one way or the other. It seems like on Bluewind or NRG.

I can tell you this much. Also, remarks were made about new technology. Just recently, in this past year, we had an increase of 59 percent in our power bills. And every resident has felt that.

I think by not having a no bid is a very, very bid mistake. I think we have to do something. We have to be diversified and go with local, domestic energy sources and make the move with some new energy sources in this state, whether it be Bluewind or NRG.

As far as technology, if we didn't go with new technology, we would be standing around here with candles lit tonight, instead of lightbulbs.

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I think it is a mistake. I think we all

pay our energy bills. I think we need to do something.
And the other aspect you have to look at is all these statistics we heard tonight deal with the cost, whether it's cost effective, whether it should be done. The one thing I did not hear about the jobs it will create. And in order to pay power bills, you have to have a good job to pay those bills and have a job and make a paycheck to pay those utility bills.
So, in saying that, I think it would be a big mistake not to do nothing, to take a no nothing stance. People out there need jobs. The jobs create tax structure for our state. Make our state healthy. This is the new way of the country to start becoming diversified and looking at new technologies and moving on with it instead of going with status quo. We have to change.
So, with that being said, I hope everything that everybody says tonight, regardless of their opinion, is a way to measure in your folks eyes real seriously.
I hope we come up with a good answer and get something done for the state. Thank you.
HEARING EXAMINER PRICE: Ted Janeka.

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MR. JANEKA: Good evening. My name is Ted Janeka. J-A-N-E-K-A. I am also a member of Local 542, 36 year member. And the last 15 years as a business agent.
I'm going to echo a little bit of what my partner said here. I would like to go through all projects, to tell you the truth. I think we need to look at all three alternatives seriously.
Some of the proposals are realistic, while others may be a disguise not to do anything. And doing nothing is not an acceptable resolution to this energy crisis.
You, as the Public Service Commission, have a duty and an obligation to render a decision to the citizens and taxpayers of this state. And prolonging that decision, you become part of the problem and not part of the solution. By doing nothing to resolve this issue, energy rates will continue to climb, which, in turn, will injure our economy by sending the wrong

message to those industries who may be considering coming to the state.

With the loss of AVON, with the loss of Chrysler, we are losing our manufacturing base, and we cannot survive tax wise on credit card industries and

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fast food industries. People with minimum wage jobs and unemployment realistically do not fit into the tax structure of our system.

We need your leadership in providing on this very important issue. I would ask you to consider to make sure we do have a plan to do something and not just push it off back to the legislature and have them decide to do it.

You are charged with the responsibility to find a solution to this problem, and I would ask you to do so.

HEARING EXAMINER PRICE: Thank you very much. Dorothy LeCates.

MS. LeCATES: Thank you, Madam Chairman. My name is Dorothy LeCates. L-E-C-A-T-E-S. That's a Sussex County name. Old farmers. And I am proud to be one. I spent all 65 years in Delaware, and specifically in Sussex County. I live in Millsboro. I live less than a mile under those stacks.

I know I don't represent anyone except myself and clean air and better health.

I've watched the power plant grow from one single stack to three stacks.

I've watched our community grow from not

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just hundreds, but thousands of people coming to retire in Sussex County. That's why I bring my friend, Jane, who came down from Connecticut, and she had no idea that we had problems like this in Sussex or in Delaware.

I would like to say that, there are few things that have not been mentioned in association with the considerations we have made tonight.

Living less than a mile from that power plant, sometimes I sit at one of four intersection, railroad intersections where I count anywhere from 80 to 110, most people turn around and go the other way to another intersection. They meet the train down there.

There are four such intersections in Millsboro to get to a hospital. That has not been considered.

We have low taxes in Delaware. That brings a lot of people down. That increases our economy. One of the things that we have not talked about in association with coal is the fly ash.

Our daughter grew up swimming in that river. We eat the crabs out of that river. And that fly ash is a problem with any kind of coal you burn. It is down there by the ton. There are mountains of it.

The last thing I would like to say is, I don't bring a lot of statistics with me. I can just

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speak from living there. I don't want to be one of those statistics. I would like to be part of the problem to help clean up the air and help the situation because I got doctors' bills from bronchitis and pneumonia the last five years.

Thank you, ma'am.

HEARING EXAMINER PRICE: Thank you very much. Nick DiPasquale.

MR. DiPASQUALE: Thank you, Judge Price.

HEARING EXAMINER PRICE: I like that.

MR. DiPASQUALE: Before I start my official comments, I would like to raise a point of order.

My understanding of the hearing was to receive public comment on the IC's report and other documents that were part of the proceeding. There have been several members who are employees of NRG that are offering comment.

My understanding was NRG and the other project sponsors would not be giving comment. I know at least two of the individuals who presented testimony today have been intimately involved in preparing the proposal, and I think it is inappropriate for their comments to be part of the record.

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I did find Mr. Netting's comments quite informative and entertaining.

HEARING EXAMINER PRICE: Thank you. So noted.

MR. DiPASQUALE: My name is Nicholas A.

DiPasquale. I am the Conservation Chair for Delaware Audubon. Delaware Audubon appreciates the opportunity to provide comment on this extremely important environmental and public health issue.

Delaware Audubon has about 1,500 members state wide, many of whom are SOS users.

Delaware Audubon also recognizes that these proceedings in the enactment of House Bill 6 in the legislative session were the result of a substantial increase in electricity prices that occurred when price controls were lifted in accordance with the Electric Utility Restructuring Act.

Our organization has long supported energy conservative and use of renewable sources of energy and it is extremely important that great thought and consideration be given to the proposals before you today.

We have reviewed the independent consultant's evaluation on the three project proposals.

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And we've submitted previous comments on this matter.

I would like to preface my remarks on the IC's evaluation report by offering the following comment.

The United States is the largest single emitter of carbon dioxide from the burning of fossil fuels, including both coal and natural gas which contributes to global warming.

Scientist from over 130 countries now agree with 90 percent certainty that global warming is a result of human activities. The Intergovernmental Panel on Climate Change, Volume 1 of the Fourth Assessment released on February 2nd of this year is the first comprehensive global appraisal climate change since 2001. Their findings are a lot more precise than they have been previously.

The State of Delaware is a member of Regional Greenhouse Gas initiative and is committed might to reducing emissions that contribute to climate change and computer projects of sea level rise show hat significant impacts to Delaware, especially in low lying coastal areas in the southern two birds of the state will result from sea level rise.

General comments on report. The IC's report did not take into account the environmental impacts associated with the mining of coal or drilling of natural gas or in the processing and transporting these fuels to local power plants. They did take into account the cost of transportation, but not the environmental impacts.

The IC's report did not take account the additional release of carbon dioxide that results from the earth disturbance and deforestation activities that are associated with these activities.

A great number of points and greater weight should have been assigned to the category of environmental impacts and the overall scoring, in our opinion.

And a more rigorous evaluation of the public health impacts of power plant emissions from each of the proposed projects should have been included. A number of independent studies have been conducted and benefit cost assessments performed as part of EPA's regulatory impact analysis on a number of rule makings that show a number of premature deaths, additional cases of asthma, chronic bronchitis, and other respirator problems and diseases, developmental disease and such are associated with emissions of specific power plant pollutants. And that information should have been included.

With regard to the Bluewater Wind scoring, in particular, Bluewater should have received more points for impacts to land by its very nature. It is an offshore facility. And it was scored down on land impacts. I am not sure what the logic is there.

Environmental impacts, also, with regard to Bluewater, they should have received more points for wildlife impacts or the avoidance thereof since they had committed to conduct the necessary bird population and other impact studies. And that will be relevant in a comment I will have later.

Although the IC recognized the experienced development team that Bluewater has assembled, we believe the category should been assigned a

higher number of points.

With regard to Conectiv scoring, environmental impacts, again, an assessment of the emissions and waste generated from the proposed project should take into account that the facility is designed to burn both natural gas and fuel oil is only judged on its emissions from burning natural gas. The environmental impacts associated with fuel oil should have been

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included and their score should have been reflected accordingly.

The zoning classification should not have been used as a substitute for determining land use and wildlife impacts. This approach is inconsistent with the way the IC evaluated the Bluewater Wind proposal which lost points because studies have not yet been conducted. Industrial sites can be found to be biologically rich. And evidence of that is the Peterson Wildlife Refuge along the riverfront, which is a degraded industrial site that, in fact, had wildlife on it.

HEARING EXAMINER PRICE: I will have to ask you to conclude.

MR. DiPASQUALE: Okay. A study needs to be done.

Also with regarded to site development, the IC indicated that it scored the entire 1.5 points for site development for Conectiv's proposal. And it is an environmental justice area that was not taken into account. And I think that would obviously result in a reduction of points, as well.

I would also just add in closing that we included an article from the New York Times that refers to an MIT study that shows that the technology for carbon

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capture and sequestration for coal plant is not yet ready. It's really a gamble, and I would encourage the Commission to take a look at MIT report when it is released.

HEARING EXAMINER PRICE: Thank you. Mr. Houghton.

MR. HOUGHTON: Your Honor, Michael Houghton from Morris, Nichols representing NRG.

I would like to note just as a point of

order, I guess I would call it, while Mr. DiPasquale raised objections to certain NRG employees making presentations today, it is my understanding that Mr. DiPasquale has appeared in promotional materials that have been generated by Bluewater Wind in support of its proposal.

HEARING EXAMINER PRICE: Mr. Houghton, thank you very much for your remarks. Please take your seat. Pat Todd.

MS. TODD: I am Pat Todd. T-O-D-D. I am speaking for the League of Women Voters of Delaware.

The choices on what types of technologies and approaches are to be used to meet the electrical energy demands of Delaware's growing population are important to its citizens, not only

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because of the very large recent increases in energy costs and what future costs will be, but because of the impacts, the choices made now will have on our health and welfare for a long time to come. Thus, it is important that the selection processes be as transparent as possible.

Unfortunately, an inherently complex issue has been made all the more difficult by the unnecessary redaction of the key environmental and cost data by bidders and the use of proprietary computer models and technical jargon by the evaluators. The bid evaluations by the independent consultant and Delmarva fall disappointingly short of the clarity required for citizens to understand and consider for themselves the bids and their evaluation, thus potentially undermining public confidence in the results.

The League of Women Voters of Delaware takes the position that global climate change is real, that it is caused primarily by human generated greenhouse gases, of which carbon dioxide is the most important, and that it poses an increasing threat to both society and wildlife.

Accordingly, the League opposes any new electrical power generation for Delaware, whether those

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plants are located in the state or elsewhere that increases greenhouse gas emissions or other pollutants.

The League favors conservation, increased energy efficiency, price stabilization and a transition as soon as possible to renewable energy sources.

Thank you.

HEARING EXAMINER PRICE: Shannon Sugrue.

MS. SUGRUE: Shannon Sugrue. S-U-G-R-U-E. I am here. I live in Rehoboth Beach, Delaware. I became concerned about the power issue, really, before this was the RFP, but really because of the pollution at the Indian River Power Plant.

A lot of people have been talking about statistics, about the pollution and what kind of health problems it has caused. I have seen these health problems. I have seen them, mainly in children. I have two young children, eight and ten. And when I have kids over to play, even sleep overs at my house, I have to have all of the specifics on how to deal with asthma medications. Too many of my childrens' friends have asthma. A girlfriend of mine takes her children to another school. Four out of the five children in her car have asthma.

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Other situations. Friends of mine, a girl that just moved to the area had reoccurring ear infections. She went to a local doctor, and the local doctor told her it was really just the air here, and it was different.

I've been encouraged to get preventative tests from doctors, based on new pathologist that have just moved to area that say the pathology is different here. There is more aggressive cancers.

I believe the Indian River Power Plant has been indiscriminately polluting our area or our state for years.

And NRG's numbers for the coal gasification plant or their emission reduction seems significant. But since the pollution currently is so gross, the clean up or the coal gasification emissions really are still pollution.

Coal gasification will still emit significant toxins, as well as carbon gas.

Why are we talking about reducing

emission when we can eliminate them with wind?
Why choose a technology of yesterday?
That is going backwards instead of forward.
Another real fear of mine is that you

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take the no bid position.
NRG has shown their good face towards clean power by appealing the DNREC regulations set this fall.
There are many opinions here tonight and have been in the papers over the past months. Please look behind the motivations of many of these opinions. It seems many supporters of NRG have either worked for the company or worked for some part of the coal lobby.
Delmarva Power support for natural gas seems suspect because of their connection with Conectiv.
Objections to wind, such as price stability and affordability. I don't understand this because it seems that long term wind will be the cheapest option and can even make money for our state.
New technology. The technology like was spoken previously tonight, yes, is new, but it is proven. Wind doesn't work all of the time. I have seen that in many articles and heard it tonight. Well, either does the coal plant that is currently in existence.
In closing, I would like to say that it was very ironic when I woke up this morning, on the news today, on our local station, WBOC, that two of the top stories were, one, gas prices are increasing, a real

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shocker. And also, that Delmarva had significant power outages yesterday and last night because of high winds.
HEARING EXAMINER PRICE: Thank you very much.
Ray Sukumar.
DR. SUKUMAR: Ray S-U-K-U-M-A-R. I'm a physician trained at Walter Reed. Ex-Army officer. I'm a registered independent. Definitely a moderate. And as you see, I have no notes.
HEARING EXAMINER PRICE: It's refreshing. Go right a head.
DR. SUKUMAR: I'm not smart enough to evaluate all of the jargon that you all gave. I

definitely will not be as eloquent as the predecessors.
I have no notes. I just came to say something very simple. And I represent the hard working American.
No action is not an option. You have to get out of dependence on Middle East oil. There's no choice. We have to do something. And what will we do?
I'm a pathologist. I worked in the state for many years. I know what it is like about cancer in this state. We spent a lot of money in the Middle East, trillions of dollars. So cost should be no

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option at all here.
There are a few do's and a few don't do's. David Bonar is here. He knows me very well about one thing. Corporate America runs this country. Let not corporate America make this decision. Partisans and politics runs this country. Don't do that.
What we want is something that will get out of Middle East dependence. Something that would serve the 98 percent of us, two percent of corporate executive. 98 percent are hard working American like all of you guys. We want a decision for us, for our health and the future. Not by partisan politics or by corporate decisions. There has to be some decision. There has to be common sense.
Finally, one thing. Let's not do things like what happened Niagra dioscin. Make some intelligent choices. We have a lot of intelligent people in this country. Let this not be agent orange of Vietnam. Let's make some common sense choices that will not effect our future.
Thank you.
HEARING EXAMINER PRICE: Thank you, Dr. Sukumar.
Alan Simpson.

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MR. SIMPSON: My name is Alan Simpson, A-L-A-N, S-I-M-P-S-O-N. I am retired from DNREC right after 28 years. I was an environmental chemical engineer evaluating heavy industry chemical plants for pollution control.
I would like to emphasize, and I am not

talking to the audience, but I want to emphasize the difference between trying to control carbon dioxide and traditional air pollutants. There is a big difference. Carbon dioxide is a gas. You can't put it through a filter. It is not a particulate matter. You can't incinerate it. It is already a product of combustion. So, what can you do with it?

Well, one thing you can do with it, you can put it through an absorption tower and absorb it on some kind of reactant. And then, that changes from a gas to a solid or liquid, put on some sludge pond somewhere. But there is a problem, you see because that takes energy and traditional pollution control, we didn't think about energy. We have to think about energy with carbon dioxide control because it's energy that is producing carbon dioxide.

You got to look upstream to this thing. Where are these reactants coming from? They are coming

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from energy. You might be mining an ore, or somehow it's in a chemical reaction, you are expending energy to get there to get that reactant.

Well, what does energy mean? It means burning more products. Burning more fuel. Producing more products of combustion. Producing more carbon dioxide.

You say, all right. Well, I know some plants that can regenerate these reactants as absorbants material. That's what they used to do with sulfur dioxide. Take it down from Eddy Stone in Pennsylvania, take it down to General Chemical and regenerate the reaction. Once you get a reactant, you don't have to expend fuel or energy to get more reactants.

Okay. To regenerate it, you have to release the carbon dioxide again. So, here is your carbon dioxide. Okay. You got it in a concentrated form, but what are you going to do with it. With sulfur dioxide, you can sulfuric acid out of it. There's really no product needed for carbon dioxide.

You say, all right. We got it in a concentrated form. I heard these things are put in somewhere underground in some kind of cavern or something.

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When you go to the gas station, you complain about, Well, why do you charge me money for this air to put in my tires. They're not charging money for the air. They are charging money for the energy to compress the air and put it in your tires. That's what you would have to do if you're going to put it in this cavern underground.

HEARING EXAMINER PRICE: Mr. Simpson, I am going to have to ask you to conclude.

MR. SIMPSON: I would just like to say, when you have a proposal in front of you, and it starts to talk about controlling carbon dioxide, you have to look upstream of it which is not shown on the flow guide and say, What energy and what more fuel is being burned to produce upstream you don't see in that flow diagram. Thank you.

HEARING EXAMINER PRICE: Thank you so much. Senator Harris McDowell.

SENATOR McDOWELL: Thank you, Your Honor. Madam Commissioner. Other fellow Commissioners.

I am Senator Harris McDowell. I am here tonight in my capacity as Chairman of the Task Force to create a Delaware sustainable energy utility.

I have not come to address the options

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that are before you, either for or against, but rather to tell you the work of this important task force, which I believe is germane and relevant to the work that you are contemplating.

How relevant will have to be decided by the learned Commissioners.

And I brought with me tonight the co-chair of that task force and our technical consultant, Dr. John Byrne and technical consultant, Ralph Nigro, who I rely on to put substance and analysis to my visions and dreams.

Over a year ago, I conferred with Dr. Byrne and Ralph Nigro on one of my ideas that could we create a competing sustainable utility in Delaware to go into the marketplace and package sustainability.

I believe the consumer based sustainable energy is our cheapest and our cleanest resource in

Delaware. And until we have maximized the effort to capture it, we have a long way to go.

On March 11th of last year, that conference resulted in a white paper and then a task force was created. Task force is nearing its completion.

If I might, Your Honor, I would like to pass out to the Commissioners -- somebody can take them

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-- a power point. And I apologize that this is a condensation of about 30 or 40 minute worth. And I will try to get through it quickly.

All of the references I make tonight will be found on the task force website at WWW.SEU-DE.ORG.

Under the approval of the task force, we have set out for a new direction of ambitious goals. By 2015, we hope to help Delawareans use 30 percent less energy from all fuels across the energy line, one third from homes, businesses and cars, each of those. That will be delivered through a performance based contract by a new competitive sustainable energy utility.

By 2019, we will have installed, if we meet these goals, over 300 megawatts of renewables at homes and businesses. We will have 200 megawatts of geothermal, wind and solar thermal installed as a result of upgraded State Renewable Portfolio Standards. And 100 megawatts of solar electric on residential and commercial buildings.

When we add up these goals of 2015 and 2019, we will have achieved a 25 percent reduction in Delaware's carbon footprint. Later on, I have a chart that will help you.

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What we have done is examined what's going on in the leading states in the country. Borrowed the best from those and added it to it. The chart is the next page, we show how cost of energy efficiency can be packaged and sold between three-and-a-half and four cents versus the current 15 cents for energy that is produced and pushed over the power lines and sold to the consumers.

At the next chart, we see that we also can find by the appropriate policies, we can make

renewables as cheap as current energy prices. I will kind of skip the part we have that shows different -- it is the map of the state -- it shows the different uses of renewable portfolios around the country.

The next two, the work at the SEU has been to prove that we can do what we have done. The first area is, we presented these next two charts that have a framework for the sustainable energy utility in which to operate.

Now, these, I must state, are only a guideline so that we know where we are. By using a framework of an RFP that calls for performance based contract, we would hope that the proposer may change these formats and improve on them. That's one of the

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mechanism we use.

You see here, also, in the next chart, we have a prospectus, and to the audience that does not have these, I apologize. There are a few copies at the back of the room remaining, but not too many I'm afraid.

The prospectus shows the economic viability of what it is we are undertaking. It shows the sustainable energy utility can meet the goals set forth by the task force and do it within a framework that is far cheaper than any other proposal we would have.

I'll skip the next chart. There is a very important environmental consideration. We have, herein, only considered the carbon considerations. But if you see on what I call shotgun chart, you can see by the yellow hatch marked areas what will happen according to the national analysis -- what will happen in Delaware to the carbon production if we don't do anything by 2020.

The dual green at the bottom is a reduction in that that is a result of the sustainable energy utility in its two forms, both renewables and other sustainables. And the solid yellow line shows the actual and real reductions which will amount to in 2020 a real reduction of 5.5 million tons of CO2 produced in Delaware. That will get us very, very near to the trees.

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To produce these goals only require four relatively easy policy initiatives. Renewable portfolio standards to be brought up to the standards produced by

New Jersey, in which has a proven track record that we can emulate.

We would double the green energy fund by .00017 which would create an additional cost to the consumer on the average of 17 cents a month. We would go to net metering standards. And we would authorize a sustainable energy bond in the amount of 25 million dollars. This would not carry the full faith and credit of the State of Delaware. It would be revenue bond.

And finally, we would need to create this Delaware sustainable energy utility.

And in doing so, we would reduce energy consumption for participating families by 30 percent by the year 2015 and reduce their costs by approximately $1,100 per year. We would have installed over 300 megawatts of geothermal, wind, solar and other solar thermal.

We would establish -- well, the solar life line is a side job. We would create in this process more than 4,000 jobs. We would reduce, as I said, the C02 emission in 2020 by 5.5 million tons. And we would

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reduce local grid congestion and have a one stop comprehensive sustainable energy purchase place for all Delawareans.

This sustainable energy will be competitive in the free market.

HEARING EXAMINER PRICE: Thank you very much, Senator McDowell.

We have now concluded all of the comments of everyone who has signed up.

Is there anyone who would like to have a little bit more time. Mr. Firestone.

MR. FIRESTONE: I would like to use my additional time to ask some questions of the various consultants.

First, is my understanding correct that the Conectiv bid would mostly displace natural gas that's on the market?

HEARING EXAMINER PRICE: Now, for this round, I am going to be very strict about three minutes.

MR. HOWATT: I'm sorry, Dr. Firestone. Would you repeat the question?

HEARING EXAMINER PRICE: Sorry for the interruption.
MR. FIRESTONE: Is my understanding
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correct that Conectiv bid would mostly displace natural gas on the market?
MR. HOWATT: I'm afraid I'm not going to be able to answer that.
As I understand the bid from Delmarva, that was a peaking unit with an alternate option that they would be able to supply power from any other source that they so choose to do with particular contracts. So, it could be coal power. It could be any other type of power that they chose to provide from.
The gas turbine, I believe, would be considered a peaking unit, operated as a peaking unit.
HEARING EXAMINER PRICE: Mr. Finfrock.
MR. FINFROCK: Yes. I agree with Bob's assessment of that.
When you say displace, the Conectiv bid would consume natural gas -- the facility. The price to the customer is based off of another product, index to another energy source, coal. But it would consume, of course, natural gas.
So, when you asked the question, displacing or utilizing the need of natural gas, there would be a supply need of natural gas for that facility.
MR. FIRESTONE: Second question.
1102
Can one of the consultants tell me what tons per megawatt hour are used for the CO2 consumption?
MR. JUDAH ROSE: I'm Judah Rose. J-U-D-A-H R-O-S-E from ICF.
In our reference case, the CO2 price starts at zero and escalates to around $25 a ton. CO2 towards the end of the horizon. So, it stays at zero for the first couple of year of our analysis. So, it really does not really start getting positive to around 2012.
I will say, also, that in the price stability analysis we analyze two alternate CO2 price trajectories.
HEARING EXAMINER PRICE: Thank you, Mr. Firestone.

MR. FIRESTONE: He didn't answer the question I asked.
HEARING EXAMINER PRICE: I'm sure you can follow up with some written comments later.
David Bacher.
We started off with you. You didn't quite finish. I told you I would give you some more time at the end.
Now, while Mr. Bacher is getting here. Housekeeping details. All of the comments that have been

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received will be appendix to the transcript. They will also be provided to the Commissioners, as well as entered into the docket of this matter.
MR. BACHER: I will reintroduce myself. Dave Bacher. I do appreciate the second opportunity to talk.
What I will talk about in the second half of my discussion is some of my thoughts on wind energy. I will try to be as brief as I can.
First, what I do want to say is that I do support wind generation. Wind energy is a viable option in its place. And actually, NRG energy does have a subsidiary wind company who did not bid on this project because of the size. They have also suggested that a separate RFP for renewable energy be adopted by the State of Delaware.
In regard to Bluewater offshore wind farm, in my opinion, it's based on technology that never been applied in the U.S. and technology that is becoming problematic in the U.K., Germany, France, and even Denmark that has been mentioned tonight because of under performance, the need for reliable replacement power and high government subsidiary requirements.
Now, why would that be any different

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here? Perhaps, that's exactly why in the U.S. we have only employed smaller and land-based wind generation.
Further, from an economic or reliability prospective, the wind farm free fuel, as we call it, is not available on demand, and thus, unreliable.
Delmarva Power has recently testified that wind energy is more prevalent at the exact times

when the energy demand is low and is not as available when the energy demand and replacement power cost are at their highest such as in the summer months. The RFP evaluations do not address this.

According to Turbine Vendor literature, the reality is that turbines need sustainable winds, and I'm not going to go through that part because somebody else already talked about that part, but as a result, the energy output is available only about 20 to 35 percent of the time.

This is why PJM only allows a capacity rating of one megawatt for every five megawatts of capacity actually installed.

Therefore, the 1.5 billion dollar project which does not include additional transmission and substation upgrades and requires subsidiary and other credit will only act to serve as a part-time

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displacement, not replacement, energy resource and back up resources will still be needed.

The RFP evaluation does not reflect the cost of replacement power. The environment impact from that replacement power, or the proposed 1.2 billion dollar transmission line that would be required as an alternate back up source.

HEARING EXAMINER PRICE: Mr. Bacher, thank you.

MR. BACHER: Just to finish in conclusion. I do agree that the options for Conectiv's natural gas plant are not acceptable and the option to do nothing is also not acceptable.

HEARING EXAMINER PRICE: Do you have prepared remarks you would like to submit?

MR. BACHER: I will submit them by Friday.

HEARING EXAMINER PRICE: Fine. Anyone else. Mr. DiPasquale.

MR. DiPASQUALE: Judge, again, I have to object to Mr. Bacher's entering of testimony. My understanding was, this is not a proceeding for NRG or any of the project sponsors to offer comment. I would re request --

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HEARING EXAMINER PRICE: He is also an individual who lives in the State of Delaware who happens --

THE WITNESS: Understood. He has also been directly involved in the preparation of this project. And I think it is inappropriate.

HEARING EXAMINER PRICE: Thank you very much for you comments.

Ms. Peterson.

MS. PETERSON: Thank you. I would just like to take exception to the term as being used clean coal. There is no such thing as clean coal. The coal gasification plant uses coal in a different way. But it is not clean. This process changes coal into a poisonous gas namely hydrogen sulfide, rotten eggs. This gas is then turned into electricity. The end project is carbon dioxide, the largest contributor to the greenhouse gases, which, of course, causes global warming.

And what about the possibility of gas leak? We would be looking at hundreds of lives loss. If you want clean, you can only go with wind. Thank you.

HEARING EXAMINER PRICE: Ms. Furtado.

MS. FURTADO: I have one more item that I want to be on record to state verbally.

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A no bid decision in this process will indirectly benefit coal based power, in my opinion.

If a no bid is chosen by this Commission and team of agencies, I fear that easily sets the political stage for NRG to create a new discussion or process in their interest of pursuing an IGCC.

Since they have an existing plant in which they have tied this state into litigation, thereby resisting its long overdue clean up, they have future forum and process to discuss their proposals for IGCC with state officials.

It has not escaped our attention that their strategy is to include IGCC plans into a settlement offer during litigation of clean up of the existing plant. It is my impression that they can possibly propose a settlement and ask the state to accept their plans to clean up the old plant by allowing them to build a new IGCC plant while they shut down two old stacks.

Because they have the established old plant and they are in the process of contesting new clean up regulations, it is in their interest to not be in direct competition in an RFP with disease free power like wind.

So, a no bid decision in this RFP is a

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way to indirectly benefit the coal proposal.

No bid becomes a solution for NRG's poor ranking in the competition by, essentially, formally ending this competitive bid process for state money.

I beg the PSC to formally assure the public that any future plans for IGCC plants either through this RFP or through any other negotiations between the state and NRG require full public participation.

We also prefer legislative oversight of the discussions and decisions.

Again, we have such a great alternative like wind available to the people of Delaware. It is unfair to allow any potential for such backdoor politic tactics.

HEARING EXAMINER PRICE: Thank you very much.

Anyone else.

MR. CZERWINSKI: John Czerwinski again. Short comment.

After reading over the bid evaluation from Delmarva Power, in their conclusion it said, and I quote, Although it is important to complete the public input phase of this evaluation, we have seen enough in

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our current analysis to clearly indicate these contracts are not in the best interest of our customers.

A rhetorical question. Can anybody in the room remember when Delmarva had the best interest of their customers at heart?

HEARING EXAMINER PRICE: Thank you very much. I see no further hands. There being no further public comment, thank you all for your time, your thoughtful comments, and this hearing is concluded. Thank you.

(The Public Service Commission Hearing

was concluded at, approximately, 9:40 p.m.)

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C E R T I F I C A T E

STATE OF DELAWARE:
:
NEW CASTLE COUNTY:

I, Gloria M. D'Amore, a Registered Professional Reporter, within and for the County and State aforesaid, do hereby certify that the foregoing Public Service Commission Hearing, was taken before me, pursuant to notice, at the time and place indicated; that the statements of said parties was correctly recorded in machine shorthand by me and thereafter transcribed under my supervision with computer-aided transcription; that the Public Service Commission Hearing is a true record of the statements given by the parties; and that I am neither of counsel nor kin to any party in said action, nor interested in the outcome thereof.

WITNESS my hand and official seal this 12th day of March A.D. 2007.

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GLORIA M. D'AMORE
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